



**North Carolina Department of Environment and Natural Resources  
Division of Water Quality**

Michael F. Easley, Governor

William G. Ross, Jr., Secretary  
Coleen H. Sullins, Director

October 31, 2008

**MEMORANDUM**

TO: Environmental Review Commission of the General Assembly  
Fiscal Research Division of the General Assembly

FROM: William G. Ross, Jr.

SUBJECT: Report on the Water Infrastructure Fund for Fiscal Year 2008:

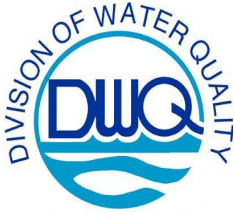
- Wastewater Reserve
- Drinking Water Reserve
- Clean Water State Revolving Fund

Enclosed is the subject report as required by G.S. 159G-26. The report includes information on the last fiscal year, including total funds received and allocations made; and unallocated funds on hand in each account. Information regarding grants made available through the Clean Water Bond legislation of 1998 is also included for informational purposes. Questions regarding the wastewater portion of this report should be directed to Daniel M. Blaisdell, P.E. of the Division of Water Quality at (919) 715-6211.

Enclosure

WGR: cs

cc: Coleen Sullins



Michael F. Easley, Governor

William G. Ross Jr., Secretary  
North Carolina Department of Environment and Natural Resources

Coleen H. Sullins, Director  
Division of Water Quality

October 31, 2008

**MEMORANDUM**

TO: Bill Ross

THRU: Coleen Sullins

FROM: Daniel M. Blaisdell

SUBJECT: Annual Report  
Revolving Loan and Grant Program – Fiscal Year 2008

In accordance with G.S. 159-26 attached is the required annual report for the state's Revolving Loan and Grant Program for the Fiscal Year 2008. Also attached are transmittal memoranda for the Secretary's signature.

DB/sd

Attachment

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**NORTH CAROLINA CLEAN WATER REVOLVING LOAN AND GRANT PROGRAM**

**2007 - 2008**

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Prepared by

The Department of Environment and Natural Resources

*November 1, 2008*

**NORTH CAROLINA CLEAN WATER REVOLVING LOAN AND GRANT PROGRAM**  
**ANNUAL REPORT**

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**WILLIAM G. ROSS, JR.**  
**SECRETARY**  
**DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

**F.Y. 2007-2008 ANNUAL REPORT  
ON  
NORTH CAROLINA WATER INFRASTRUCTURE FUND  
BY  
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES  
DIVISION OF WATER QUALITY**

**I. Itemization of Administrative Expenses for F.Y. 2007-08**

The Division of Water Quality did not receive any administrative funds from the State Revolving Loan and Grant Account. Administration of the State Revolving Loan and Grant Program was provided through the continuing budget.

**II. Identification of Each Loan and Grant During Fiscal Year 2007-2008**

**State Revolving and Emergency Loans  
(Wastewater Reserve)**

**State Revolving  
Loan (SRL)**

Recipient	Commitment	Amount Disbursed y/e 06/30/08	Amount Disbursed in prior years	Commitment Balance
Macon County	\$1,500,000	0	0	\$1,500,000
City of Northwest	\$941,035	0	0	\$941,035
Lumberton	\$1,566,350	\$406,214	\$1,160,136	\$0
Town of Ayden	\$2,614,025	\$1,852,655	0	\$761,370
City of Southport	\$1,365,670	\$56,594	1,309,076	\$0
Town of Benson	\$1,750,000	\$1,553,943	0	\$196,057
Town of Hertford	\$3,000,000	\$1,572,343	0	\$1,427,657
Town of Manteo	\$733,280	\$631,145	0	\$102,135
Town of Clinton	\$857,198	\$46,571	\$721,802	\$88,825
Town of Stantonsburg	\$306,710	0	0	\$306,710
Chatham County	\$1,500,000	\$0	\$0	\$1,500,000
<b>Total</b>	<b>\$16,134,268</b>	<b>\$6,119,465</b>	<b>\$3,191,014</b>	<b>\$6,823,789</b>

**State Emergency  
Loan (SEL)**

City of Whiteville	\$4,450,000	\$2,856,823	824,266	\$768,911
Fremont	\$228,000	\$0	\$0	\$228,000
<b>Total</b>	<b>\$4,678,000</b>	<b>\$2,856,823</b>	<b>\$824,266</b>	<b>\$996,911</b>

Technical Assistance Grant Balance As of 6/30/2008	\$408,755
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**Balances in (State) Funding Sources Ending 06/30/08*****General Revolving  
Loan Account (SRL)***

Bal. Begin 07/01/07	\$19,230,817
Interest on Invest.	\$899,992
Interest on Loans	\$573,737
Repayment of Prin.	\$1,933,166
Disbursements	(\$6,119,465)
Bal. Of Commitments	(\$6,823,789)
Loans in Process	<u>(\$7,474,750)</u>
Bal. End. 06/30/08	\$2,219,708

***Emergency Loan  
Account (SEL)***

Bal.Begin. 07/01/07	\$4,580,158
Interest on Invest.	\$162,197
Interest on Loans	\$135,464
Repayment of Prin.	\$457,845
Disbursements	(\$2,856,823)
Bal. of Commitments	(\$996,911)
Loans in Process	<u>(\$522,850)</u>
Bal. End. 06/30/08	\$959,080

**SRL Loans in  
Process**

Amount Approved

Contentnea MSD	\$3,000,000
Norwood	\$2,451,000
Franklinton	\$1,255,000
Creedmoor	<u>\$768,750</u>

Total	\$7,474,750
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**SEL Loans in  
Process**

Amount Approved

Bailey	\$522,850
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**Grants** (Made available through the Clean Water Bond Legislation 1998)

Recipient	Commitment	Amt. Disbursed y/e 06/30/08	Amt. Disb. In Prior Years	Commitment Balance
Town of Ayden	\$2,996,650	\$500	\$2,996,150	\$0
Macon County	\$3,000,000	\$0	\$0	\$3,000,000
Town of Hertford	\$3,000,000	\$2,034,680	\$965,320	\$0
Town of Rosman	\$2,966,320	\$1,018,945	\$1,910,670	\$36,705
Town of Tabor City	\$3,000,000	\$1,562,064	0	\$1,437,936
Catawba County	\$3,000,000	\$321,234	\$981,673	\$1,697,093
Stanly County	\$1,000,000	\$1,000,000	\$0	\$0
Swan Quarter	\$3,000,000	\$0	\$2,837,823	\$162,177
Town of Eureka	\$3,000,000	\$100,220	\$2,899,780	\$0
Town of Lillington	\$1,334,000		\$1,253,293	\$80,707
Town of Louisburg	\$2,295,500	\$200,563	\$1,263,602	\$831,335
Town of Magnolia	\$3,000,000	\$103,383	\$2,850,000	\$46,617
Town of Mt. Olive	\$3,000,000	\$0	\$2,850,000	\$150,000
Town of Old Fort	\$2,836,932	\$115,437	\$2,721,495	\$0
Town of Pikeville	\$3,000,000	\$175,000	\$2,825,000	\$0
Town of Burgaw	\$3,000,000	\$2,556,537	\$443,463	\$0
Town of Swansboro	\$2,967,290	\$0	\$2,818,926	\$148,364
Town of Clayton	\$1,833,333	\$1,332,638	\$337,563	\$163,132
<b>Total</b>	<b>\$48,230,025</b>	<b>\$10,521,201</b>	<b>\$29,954,758</b>	<b>\$7,754,066</b>
Bal. Begin 07/01/07 in Bond (Grant) Allot	\$45,267,055			
Disbursements in F/Y Ending 06/08	(\$10,521,201)			
Bal. End. 06/30/08 in Bond (Grant) Allot	\$34,745,854			
Committed	<u>(\$34,745,854)</u>			
Balance	\$0			

**State Revolving and Emergency Loans (Drinking Water Reserve)**

Recipient	Commitment	Amount Disbursed y/e 06/30/08	Amount Disbursed in prior years	Commitment Balance
<b>SRL</b>				
Town of Franklinton	\$1,660,000	\$0	\$1,502,218	\$157,782
West Carteret	\$512,500	\$432,713	\$0	\$79,787

**Balances in (State) Funding Sources Ending 06/30/08*****General Revolving***

Bal. Begin 07/01/07	\$3,196,836
Interest on Invest.	\$175,286
Interest on Loans	\$332,658
Repayment of Prin.	\$816,722
Balance in Commitments	(\$237,569)
Disbursements	<u>(\$432,713)</u>
Bal. End. 06/30/08	\$3,851,220

***Emergency***

Bal. Begin. 07/01/07	\$1,839,817
Interest on Invest.	\$99,652
Interest on Loans	\$79,234
Repayment of Prin.	\$238,991
Balance in Commitments	0
Disbursements	<u>0</u>
Bal. End. 06/30/08	\$2,257,694

**Notes:**

All of the loan projects funded this fiscal year under the State Program were financed with money made available from revolving funds and interest. There were no funds made available from appropriations for this fiscal year. Funds were made available from interest on accounts, repayment of principal and interest on loans, and account balances brought forward. This has provided limited assistance for loan projects.

Funds for grants were last made available by the "Clean Water and Natural Gas Critical Needs Bond Act of 1998" which provided \$238 million to be used for wastewater high-unit cost grants.

Currently, all of the State Program is in need of a recurring source of revenue for every fiscal year based on documented wastewater needs.



**III. Clean Water State Revolving Fund (the Federally seeded SRF program which contains a 20% state match)**

**A. Allocations**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Fiscal Year 1989	\$22,677,869	\$4,535,574	\$27,213,443
Fiscal Year 1990	33,020,181	6,604,036	39,624,217
Fiscal Year 1991	39,039,068	7,807,814	46,846,882
Fiscal Year 1992	35,066,790	7,013,358	42,080,148
Fiscal Year 1993	34,688,907	6,937,781	41,626,688
Fiscal Year 1994	21,523,986	4,304,797	25,828,783
Fiscal Year 1995	22,229,658	4,445,932	26,675,590
Fiscal Year 1996	36,272,167	7,254,432	43,526,599
Fiscal Year 1997	11,247,984	2,249,596	13,497,500
Fiscal Year 1998	24,302,619	4,860,532	29,163,151
Fiscal Year 1999	24,304,599	4,860,920	29,165,519
Fiscal Year 2000	24,222,231	4,844,446	29,066,677
Fiscal Year 2001	24,006,906	4,801,381	28,808,287
Fiscal Year 2002	24,060,336	4,812,073	28,872,439
Fiscal Year 2003	23,903,946	4,780,789	28,684,735
Fiscal Year 2004	23,918,400	4,783,680	28,702,080
Fiscal Year 2005	19,447,857	3,889,571	23,337,428
Fiscal Year 2006	15,804,261	3,160,852	18,965,113
Fiscal Year 2007	19,316,385	3,863,277	23,179,662

- B. **Administrative Expenses** – Four percent of each annual Federal capitalization grant is available for administrative expenses until it is expended. Of this amount, 16.7 percent of direct cost must be taken from the State match. The remainder comes from federal funds.

**C. Identification of Each Loan During 2007-2008**

**CWSRF Projects**

Recipient	Commitment	Amount Disbursed y/e 06/30/08	Amount Disbursed in prior yrs.	Commitment Balance
City of Clinton	\$2,827,312	\$2,370,233	\$0	\$457,079
City of Kinston	\$7,355,445	\$1,238,709	\$6,116,736	\$0
City of Rocky Mount	\$3,955,050	\$278,264	\$3,466,073	\$210,713
City of Thomasville	\$27,000,000	\$6,711,353	\$19,405,510	\$883,137
Town of Beaufort	\$15,673,000	\$0	\$0	\$15,673,000
Harnett County	\$15,000,000	\$0	\$14,039,359	\$960,641
PWC of Fayetteville	\$16,969,848	\$616,811	\$16,353,037	\$0
Town of Ahoskie	\$1,989,980	\$916,986	\$0	\$1,072,994
Town of Beaufort	\$592,554	\$136,714	\$455,840	\$0
Town of Beaufort	\$5,605,333	\$3,561,429	\$0	\$2,043,904
Town of Beech Mt	\$1,992,046	\$982,538	\$1,009,508	\$0
Town of Clayton	\$3,921,798	\$518,661	\$2,922,657	\$480,480

Recipient	Commitment	Amount Disbursed y/e 06/30/08	Amount Disbursed in prior yrs.	Commitment Balance
Town of Cramerton	\$5,325,518	\$636,846	\$4,688,672	\$0
Union County	\$15,000,000	\$0	\$13,500,000	\$1,500,000
Town of Farmville	\$1,427,299	\$205,082	\$1,157,032	\$90,886
Town of Holly Springs	\$17,500,000	\$0	\$0	\$17,500,000
Town of Maiden	\$1,234,634	\$1,014,576	\$0	\$220,058
Town of Morehead City	\$15,000,000	\$8,713,860	\$2,114,680	\$4,171,460
Town of Murfreesboro	\$4,373,992	\$4,288,181	\$0	\$85,811
Town of Wendell	\$6,379,585	\$908,117	\$5,202,051	\$695,538
Town of Wilkesboro	\$6,740,500	\$0	\$0	\$6,740,500
Town of Maggie Valley	\$3,422,906	\$506,326	\$0	\$2,916,580
Town of Oak Island	6,215,568	\$0	\$0	\$6,215,568
Johnston County	\$5,617,990	\$0	\$0	\$5,617,990
Johnston County	\$4,382,010	\$0	\$0	\$4,382,010
City of Jacksonville	\$17,500,000	\$0	\$0	\$17,500,000
Town of Clayton	\$3,241,800	\$0	\$0	\$3,241,800
<b>Total CWSRF Projects</b>	<b>\$215,974,751</b>	<b>\$33,178,565</b>	<b>\$90,431,155</b>	<b>\$92,365,031</b>

**Balances in (Federal) Funding Sources Ending 06/30/08**

EPA Cap. Grant & State Match	bal beginning 07/01/07	bal ending 06/30/08
2004 Capitalization Grant	\$1,942,330	\$299,080
2006 Capitalization Grant	\$10,073,362	\$648,950
2007 Capitalization Grant	\$23,179,662	<u>\$13,715,568</u>
Balance		<b>\$14,663,598</b>

Second Round Moneys  
(SRF)and commitment  
balances

Begin. Balance 07/01/07	\$135,755,516	
Earned (Invest) Interest	\$8,768,802	
Interest on Loans	\$12,069,603	
Repayment of Prin.	\$34,297,621	
Disbursements	<u>(\$33,178,565)</u>	
Ending Balance 06/30/08	\$157,712,977	Second Round
Bal. End on Cap Grants	<b>\$14,663,598</b>	Cap. Grants
Total	\$172,376,575	
Bal. Of Commitments	<u>(\$92,365,031)</u>	
Available Balance	<b>\$80,011,544</b>	

<b>Projects Under Review For Federal CWSRF Participation</b>	<b>Estimated Costs of Projects in Millions</b>
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<b>Available Balance</b>	<b>\$80</b>
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Elkin	(3.0)
Columbia	(\$3.8)
Mooreville	(\$56.0)
Southport	(8.9)
Hickory	(\$22.6)
Tryon	(1.30)
Wallace	(\$8.1)
Handy S/D	(\$10.6)
Oakboro	(\$1.0)
Raleigh	(\$15.2)
Clayton	(\$42.0)
Statesville	(\$20.5)
CMSD	(9.7)
Green Level	(1.8)
Moore County	(30.0)
Greensboro	(30.0)
Dunn	(5.5)
Navassa	(0.5)
Hillsborough	(30.0)
Raeford	(9.0)
Fuquay Varina	(13.0)
Greenville Utilities	(12.6)
Surry County	(5.0)
Erwin	(2.0)
Roanoke Rapids	(1.0)
Lincoln County	(17.5)
Wilkesboro	(5.0)
Manteo	(1.0)
Monroe	(10.0)
Western Wake	<u>(\$300.0)</u>

<b>Balance needed for loans</b>	<b>(\$596.60)</b>
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	Bal. Begin 07/01/07	Interest Earned	Bal. Ending 06/30/08
<b>Match Funds Available for SRF Loans (Reserved Funds)</b>	\$639,645	\$227,675	\$867,320

**Administration Fee  
Restricted by EPA  
Regulations---Exclusive  
For the SRF Program Only**

Begin. Bal. 07/01/07	\$17,270,829
Investment Interest	\$907,202
Administrative Fees	<u>\$452,046</u>
Admin Costs	(\$1,002,463)
Bal. End 06/30/08	\$17,627,614

**D. Assessment and Evaluation of the Effects That Approved Projects Will Have on Water Pollution control, and Their Relation to the Total Water Pollution Control Problem.**

Stantonsburg: The State Loan to the Town of Stantonsburg will provide funding for rehabilitation of sewers that are experiencing infiltration and inflow problems.

Macon County: State Loan funds were approved to supplement the State Grant for replacement of gravity sewer lines that are difficult to access for maintenance and are contributing to inflow and infiltration into the collection system. A reuse facility will also be constructed at Franklin's wastewater treatment plant to eliminate approximately 0.165 million gallons per day of direct discharge to the Little Tennessee River.

Northwest: The State Loan will provide a portion of the project cost to construct a new collection system for the City of Northwest and the Town of Sandy Creek with treatment provided by Brunswick County.

Maggie Valley: Upgrade and expansion of the existing wastewater treatment facilities from 0.750 mgd to 1.00 mgd.

Ahoskie: Increase for bid overruns on sanitary sewer rehabilitation and sewage pump station improvements.

Jacksonville: CWSRF loan was provided to assist in the upgrade and expansion of the existing land application treatment system from 6.0 MGD to 9.0 MGD. These improvements will include upgrades and expansions of the City's main pumping station, aerated lagoon wastewater treatment system, storage lagoons, and spray irrigation system.

Maggie Valley: Increase for construction bid overruns.

<u>Holly Springs:</u>	Increase to defray construction costs for the upgrade and expansion of the Utley Creek WWTP.
<u>Murfreesboro:</u>	Increase for construction bid overruns on wastewater treatment facilities expansion.
<u>Oak Island:</u>	The CWSRF loan assisted in constructing improvements and an expansion of the existing West Brunswick Regional Water Reclamation Facility from 3.0 MGD to 6.0 MGD, the construction of a new intermediate pumping station at Middleton Road, and a new vacuum sewer collection system for the town.
<u>Clayton:</u>	Construction of the Neuse River Pump Station No. 2 improvements and force main to provide sewer service to a portion of the town with treatment by the City of Raleigh.
<u>Clayton:</u>	Capacity fee for treatment under agreement with the City of Raleigh.
<u>Beaufort:</u>	Increase for bid overruns for construction at the town's WWTP.
<u>Johnston County:</u>	Upgrade and expansion of existing WWTP
<u>Johnston County :</u>	Wastewater Transmission Facilities
<u>Marion:</u>	The CWSRF loan was for improvements to the Corpening Creek WWTP and collection system and decommissioning the Catawba River WWTP. New transmission facilities are also being constructed to send flow from the Catawba River plant to the Corpening Creek WWTP.
<u>Onslow WASA:</u>	The CWSRF loan was provided to assist the Authority in complying with NPDES effluent limits and improve the public health and surface water quality by rehabilitating the worst segments of the town of Richland's collection system to reduce excessive infiltration/inflow flows.